

COUNCIL ON INTERNATIONAL ECONOMIC POLICY  
WASHINGTON, D.C. 20500

December 24, 1975

MEMORANDUM FOR: Otho Eskin, Staff Director  
Interagency Task Force  
on the Law of the Sea

FROM: Michael Granfield *MG*

SUBJECT: Memo to President regarding  
instructions for Law of the Sea  
negotiations

As a member of the LOS Executive Group, CIEP supports the sending of the memorandum to the President reaffirming previous instructions with the following qualification:

The present instructions do not offer the detailed policy guidance the delegation needs to assure that negotiating positions in Committee I are consistent with overall U.S. commodity policy and the fundamental U.S. negotiating objective of assuring "guaranteed nondiscriminatory access by U.S. firms to deep seabed resources under reasonable terms, coupled with security of tenure."

LDC pressure to increase their control over raw materials production and trade increasingly impinges on the deep seabed negotiations. At recent inter-sessional negotiations in New York, LDC negotiating strategy focused on two related commodity issues: (1) participation by ISRA in any international commodity agreements that might be negotiated for seabed minerals and (2) compensatory financing for land-based producers.

Any proposals that relate to international commodity agreements raise serious issues of overall U.S. commodity policy must first be coordinated and cleared with the Commodity Policy Coordinating Committee. Moreover, ISRA's participation in any international commodity agreement which directly or indirectly controls production or prices is inconsistent with present negotiating instructions and overall U.S. commodity policy.

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If accommodation of land-based producers' interests is required, compensatory financing rather than commodity agreements should be used. The U. S. government policy (or delegation's position) is that existing compensatory financing facilities (such as that of the IMF) can provide more comprehensive and effective remedies for land-based producers than commodity pricing arrangements. Land-based producers faced with balance of payments and loss of export earnings difficulties resulting from seabed production should avail themselves of compensatory financing funds which the IMF provides. The IMF facility is in the process of being further liberalized.

The current instructions authorizing adjustment assistance should only be exercised as a final fall-back position, provided that OMB and other agencies responsible for international commodity policy have approved the proposal.